

Exhibit 10

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The San Diego Union-Tribune.

It's time to stop the name-calling

By Herbert G. Klein
June 13, 2007

When one goes to the ballpark and hears the crowd chant "Beat L.A." it is clear that more than a ballgame is involved. We not only want to win the game, but we want to be better than Los Angeles.

San Diegans take great pride in their region. We do not want to be like any other region, particularly Los Angeles. We admire the greatness of Los Angeles, but we take pride in our unique attributes.

In the era of the 1950s, we took personally the Time magazine description of our community as a "bust city." We were losing the aircraft industry, and the future appeared bleak. Since that time, we have cycled through being the missile center of the country, and now our scientific development along with our great universities have helped renew our pride and our economy. Our future looms bright.

More recently, however, our pension and City Council debacles caused The New York Times to label us "Enron by the sea," and again it has become difficult to call ourselves "America's Finest City," a prideful slogan given to us by San Diego's finest mayor, Pete Wilson, when San Diego lost the 1972 Republican National Convention.

Much in city government has changed in the past year as San Diego's new mayor under a newly instituted strong mayor system of government has started to bring order out of chaos. He is well along the path of rebuilding confidence in City Hall.

Today's threat to our pride comes from the next potential nationwide headline, which could read "City attorney accuses San Diego mayor of corruption."

That is serious business.

It not only would hurt our pride, but it could deal a serious blow to San Diego's economic recovery. Who wants to do business in a corrupt city? Perhaps more important, how would these false charges affect an honest, hard-working mayor — all over a possible disagreement on a budget issue?

The old saying, "Sticks and stones can break my bones, but words will never hurt me," is outmoded. I remember a remarkable, honest White House Cabinet officer once calling me and pleading, "How can I get back my good name?" He was innocent of the charges but never completely recovered his reputation.

The babble of charges by City Attorney Mike Aguirre haven't hurt the good name of Mayor Jerry Sanders, whose poll ratings phenomenally remain above 70 percent, but they can be dangerous for the community's reputation and our economy.

I have a quiet friendship with Aguirre that covers probably 15 years. We have spent many hours discussing his sometimes unique and interesting ideas, though we have disagreed on most. Our relationship may change once he reads this article. These days Aguirre offers up outrageous blasts freely. It will be interesting to see how he reacts to constructive criticism.

Somehow Aguirre has determined that his best weapon when disagreeing with someone is to engage in name-calling, usually by labeling someone "corrupt." Because he is the elected city attorney, his charges get covered by the media. Unfortunately, he rarely backs the charges with facts as a city attorney should.

"Corrupt" is a strong word not to be used lightly by anyone, particularly a city attorney.

Another example of Aguirre's false accusations is his charge that The San Diego Union-Tribune is managed by "politicians." He didn't make these absurd charges when the newspaper endorsed him for office, and the management of

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the paper has not changed. It is run by professional, competent editors.

I know Aguirre to be intelligent and energetic, but his wild charges are damaging San Diego, and it is time he stopped it. In Washington, bitter partisanship is endangering our ability to govern. Name-calling can have the same effect locally. It is dangerous, and if Aguirre is to fulfill even his own ambitions, he should realize this.

If there is real corruption somewhere, let's dig it out and make it public. Name-calling only damages the credibility of our region. It is the tactic of bullies.

San Diego would benefit greatly from an apology from the city attorney followed by a newly displayed determination to resolve its many unresolved legal problems delayed in the City Attorney's Office.

We must move ahead in a civil fashion, now – right now.

■ Klein is a national fellow of the American Enterprise Institute, retired editor in chief of Copley Newspapers and former Nixon White House director of communications.

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Exhibit 11

Letters

[R,F Edition]

The San Diego Union - Tribune - San Diego, Calif.

Date: Jun 15, 2007

Start Page: B.9

Section: OPINION

Text Word Count: 1276

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City Attorney Aguirre calls Mayor Sanders 'corrupt'

Regarding "It's time to stop the name-calling" by Herbert G. Klein (Opinion, June 13):

When he took office, Mayor Jerry Sanders told the people of this city that "San Diego's municipal government has failed its citizens and become an embarrassing and corrupt impediment to progress."

He promised voters he would "tell the whole truth -- what happened, why it happened and how it will be fixed." He represented he would change the "operating philosophy" at City Hall, which was one of "delay, deny or deceive."

Unfortunately, the mayor engaged in an embarrassing and corrupt course of action when he allowed a campaign contributor, who had raised thousands of dollars for the Sanders campaign, to construct a building near the city's airport at Montgomery Field in defiance of Federal Aviation Administration safety standards and California state law.

Moreover, the mayor engaged in a corrupt and embarrassing course of action when he deployed the "highest level executive with the necessary expertise on these issues" from the San Diego County Regional Airport Authority, along with city staff, to lobby the FAA for changes to the routing of airplanes at Montgomery Field so that the illegal building could remain. In doing so, Mayor Sanders misused thousands of dollars of public funds for the private benefit of a campaign contributor.

When the facts of the mayor's misconduct began to leak out to the public, the mayor engaged in a campaign of delay, deny and deceive.

The mayor delayed turning over pertinent documents for weeks. He denied that he was helping his campaign contributor to circumvent FAA rules. And he deceived by claiming "nothing could be further from the truth" in response to allegations he was misusing an Airport Authority senior staffer to lobby the FAA to allow the illegal building to stay.

Klein addresses none of these facts. Instead, he attacks the City Attorney's Office for doing the very thing Mayor Sanders promised to do: tell the whole truth -- what happened, why it happened and how it will be fixed.

Mayor Sanders can still recover and find his way, but he needs to do what he promised. No more delays, denials or deceptions. No more embarrassing, corrupt favors to campaign contributors. Rather, the mayor needs to tell us the whole truth, what happened, why it happened, and how it will be fixed so that it never happens again, as he promised.

MICHAEL AGUIRRE

San Diego City Attorney

Not happy over Hunter's jet support

Regarding "Hunter defends support for jet" (A1, June 13):

Rep. Duncan Hunter, R-Alpine, arranges for \$63 million of our money to be given to a local company to develop a product that the military customer does not want. In return, he gets \$36,000 from the company. Incredible!

DONALD WILSON

Carlsbad

Exhibit 12

MAYOR JERRY SANDERS
CITY OF SAN DIEGO
STATE OF THE CITY
January 12, 2006

View online video archives of State of the City Address

Thank you and good evening.

I appear before you this evening because our City Charter requires that every year, on or before the 15th day of January, the mayor communicates the state of the City's affairs.

Over the course of my term, I will communicate regularly with our citizens so that they feel well informed about the various problems facing our city and more importantly, the solutions that I propose.

I can tell you with confidence that the state of our city – of its people and of its economy – is strong and healthy. As a place to live, to raise a family, to do business and to recreate, San Diego is truly America's finest city.

But the state of San Diego's city government – our government -- is something else altogether. It today faces the most serious financial, organizational and ethical crisis in its history.

I've been mayor of this city for just over 6 weeks, and I assumed the voter-mandated executive powers of a strong mayor just 12 days ago.

So my report to you today on the condition of city government is -- of necessity -- preliminary.

Mayors before me have offered platitudes -- they have offered visions and ten point plans. That's not my style and that's not what our city needs right now.

San Diegans are craving for someone to tell it to them straight – for their mayor to tell them the whole truth -- what happened, why it happened and how it will be fixed.

People in government circles have invented the fancy word “transparency” to describe this concept. But all it really means is telling the truth – being open and honest. And that's exactly what I plan to do.

I am a hopeful person by nature. I look across our city and I see incredible promise. We are blessed with a wealth of riches not bestowed on many places.

Our community is recognized globally for its top ranking as an academic and research mecca. And, as a growing hub for the biomedical, high-tech and telecommunications industries, San

Diego continues to be on the cutting edge of science and technology. Our cultural institutions are second to none. Our diversity, legend.

Unfortunately, in recent years, our local government has not lived up to the standards of the community it serves. San Diego's municipal government has failed its citizens and become an embarrassing and corrupt impediment to progress.

Section 1: Mayor Provides Honest, Straightforward "Findings" about Pension Crisis

While the outlines of our crises are well documented, it is important that we understand their origins so that we make a meaningful break from the past and move toward solutions.

First, the city employees' pension fund was intentionally under-funded over the past ten years. New pension benefits were knowingly granted far in excess of what revenues paid into the system could support.

Second, this has created a shortfall of at least \$1.4 billion in the employee pension fund. There is also a significant unfunded liability in the City's retiree healthcare benefits.

Third, city government leaders misinformed investors when they sold millions of dollars in municipal bonds, failing to properly disclose the shortfall in the employee pension fund and other accounting irregularities.

Fourth, this misconduct and the subsequent attempts to cover it up have delayed release of our city's audited financial statements for the past three years.

Fifth, without audited financial statements, it would be cost prohibitive for the city to approach the municipal bond market, which is used by nearly every American city to finance major infrastructure projects. The result? Badly needed infrastructure projects, such as critical water and sewer improvements, have been delayed.

All of these well chronicled facts are now the basis for the indictments and criminal complaints at both the federal and local level.

Section 2: Mayor Details City's Management Problems

But city government's problems run much deeper than financial misconduct and deception.

Sixth, in a related matter, city government has failed to tell its citizens the truth about the city's operating budget. For years, unrealistic budgets have hidden the fact that expenditures exceeded the budget by tens of millions of dollars each year. Were it not for the robust growth in city revenues, the financial picture would be far worse.

Seventh, for years, important problems were swept under the rug by City government leaders.

As best I can tell, the operating philosophy around City Hall involved one of these three words: delay, deny or deceive.

This “us vs. them” mentality has contributed to a culture of secrecy, where important decisions were made behind closed doors, and ethical standards were compromised, resulting in a serious erosion of trust in city government.

Eighth, even worse, basic information systems necessary to monitor how much is being spent and how effectively services are being delivered simply don’t exist.

And finally, despite growth in the number of city employees over the past decade, the quality of basic neighborhood services in our city has not improved.

Section 3: Mavor takes Accountability/Ownership

No matter what the problems may be – or who caused them – I take responsibility for them and am willing to be held accountable.

Section 4: Speaking Directly to City Employees

I would like to address the 11,000 hardworking women and men who serve our citizens as employees of the City of San Diego. I myself was a City employee for 26 years and am very proud of my service to our citizens.

One of the most unfortunate aspects of the crisis that surrounds us is the *false* perception that you are somehow to blame for our city’s problems. Nothing could be further from the truth. **The system failed you -- not the other way around. There is great honor in being a public servant and you should be proud to be an employee of the City.**

One of the most enjoyable parts of my job has been speaking to members of our dedicated workforce. At one of my first appearances, I was asked a simple but straightforward question by a landfill worker: what do you expect from us? My answer was just as simple: continued hard work, honesty and keeping the customer in mind. That’s all that I can ask – just keep doing your jobs and I promise that we will work through these problems.

Clearly, the City and its employees are doing many things right:

- San Diego is today one of the safest big cities in America.
- We have one of the world’s most competent lifeguard agencies. They have set the standard for cliff and swift water rescues.
- Our library services are consistently rated as the “top rated city service” by residents.
- Each year, tens of millions of residents and visitors visit our 39,000 acres of parks and open space.

Our City employees make all of this possible and they are to be congratulated for it.

Section 5: Fixing the Problems

Tonight, I'm going to tell you some of the initial steps I'm taking to address the City's problems.

Please keep in mind that these problems took years to create, so they're not going to be solved overnight. To use a term that sports fans will recognize, the three years of my term will be "rebuilding years."

The solutions are going to involve pain and sacrifice from everyone, from city administrators and city employees to residents and businesses.

And most important, these solutions are going to require cooperation from the City Council and the City Attorney.

Section 6: Speaking to the Mayor's Fellow Elected Officials

To all of my fellow elected officials, I say: San Diego voters expect us to solve these problems.

Voters want to see nothing short of major, wholesale reform. They have patience for nothing short of that. They also want to see us cooperating with one another to make that reform happen.

I'm not here to criticize the City Council, the City Attorney or the employee labor unions. But, we have a collective problem here that we all need to face.

There will be days when I make everyone angry. But I need to say and do what I think is right.

Section 7: Changing the Pension Board and the Reinstatement of the City Attorney

It will take drastic, but thoughtful, reforms to change our City.

I have asked the current appointed board members of the City's Retirement System to resign. My plan would be for them to serve through the presentation of the Navigant report on January 20th and then to empanel a new board.

Reform means change -- and these changes are necessary to restore public confidence -- and more importantly, to return the System to fiscal health.

My recommendation represents the need for a fresh start. Individually, I think all of the members of the pension board are fine people. My recommendation should **not** be interpreted as a reflection on any one of them. They are to be thanked for their service to the community. Their mission has been a difficult and thankless one.

But if the pension system is to regain the trust and confidence of our community, a new board must be appointed that is committed to fully exposing past improprieties and ensuring these things can never happen again.

I am also of the personal belief that the City Attorney should be reinstated as the Retirement System's Chief Legal Advisor. I will ask the new Pension Board and the City Council to reinstate him, with all of the proper ethical protections.

As current events have made abundantly clear, the experiment for the System to have its own legal counsel did not work.

There are many in this community who will be opposed to my recommendation based solely on personalities. I take exception to that way of thinking.

Structures and systems should be designed, implemented and judged based upon how they work.

Section 8: Mavor Thanks the City Council

I am grateful to the honorable members of the City Council. The spirit of cooperation these dedicated public servants have all shown me makes clear their intentions to solve our City's problems and move forward. I have been impressed by this Council's hard work and dedication to our community.

You know, in many ways being an elected official is a thankless job. The members of this City Council pour their hearts and souls into their jobs. The last few years have not been easy one for them. I want them to know that I appreciate their service.

Additionally, Council president Scott Peters has, on behalf of the City Council, expressed a desire to help implement my recovery plans.

I appreciate his expression of support, and I'm hopeful the City Council will support him in that spirit.

I welcome Ben Hueso to the City Council and look forward to the speedy declaration of a winner in the District 2 race.

Section 9: The Mavor's 07 Budget Proposal

The City's financial health is my first priority.

Next Tuesday, the Audit Committee is scheduled to appear before the City Council. The goal is to have the investigation wrapped up as expeditiously as possible. The audits will follow.

The investigation and audits will bring with them remediation plans that I will put into place so that the excesses of the past can never – and will never – happen again.

One of the clearest breaks with the past will be my proposed budget for fiscal year 2007. Unlike budgets of the past, this budget will have a clear owner and champion – me.

Also unlike budgets of the past, this budget will truly balance. There won't be any more smoke and mirror tricks intended to conceal a budgetary deficit.

If you believe in transparency in government, it should apply to budgeting as well. But make no mistake about it – we have a budget crisis in our city. Our obligations to the pension fund will leave us with precious few tax dollars in the General Fund.

Until we receive the required pension contribution amount from the Retirement board in early March, we will not have a good handle on the City's budget. We simply don't have all of the facts at this time.

But there is **one** thing we do know: we will have to trim expenses so that we can live within our means.

To that end, we have already begun the process of evaluating existing staffing levels to eliminate duplication, and to flatten the chain of command, so decisions can be made better, faster and more efficiently.

All departments, including Public Safety, are expected to contribute to a reduction of City expenses. With respect to Public Safety, no reduction in sworn officers or firefighters will be made. Savings from these departments will come from reorganizing the administrative and support areas to improve efficiency and reduce costs.

I am also asking managers to prepare contingency plans for a 10% cut in all non-public safety staff positions. I hope it will not be necessary to exercise this contingency, and I look forward to working with the employee unions to develop constructive and fair alternatives.

A number of budget reforms will appear in my Fiscal Year 07 budget, including:

- reporting estimated deferred maintenance as a line item in the budget;
- a requirement that each department disclose the number of vacancies in staff positions currently and the projected vacancies by the end of the year, to prevent "phantom" staff positions from being represented in the budget;
- a requirement that projected overtime for the Police and Fire departments, among other departments, be built into the annual budget as a line item;
- a reduction in the size of the annual budget report down to one volume that includes an executive summary that can easily be understood by the public;
- a requirement that where fees are imposed, they need to be cost based and support the programs for which they are charged; and

- a requirement that enterprise and special funds be audited every three years to ensure all fees paid into those funds are used for the proper purpose, including personnel. [PAUSE]

Section 10: Mayor makes Water and Wastewater Systems Improvements Top Priorities

This last reform is of particular importance to me given the investigation of our wastewater system.

One of the unfortunate realities of our financial situation is that basic infrastructure – both for our water and wastewater systems have suffered.

In 1996, the City entered into a consent agreement with the State's Department of Health Services, regarding our water system.

In 2002, the state wrote the City to inform it, that it was falling behind on many of the promised improvements to the system. For financial reasons, the city has curtailed its capital improvements projects.

The State has informed us that \$300 million in improvements to our water treatment plants must proceed immediately. This will necessitate water rate increases.

Additional capital improvements are also needed for the sewer infrastructure.

In 2001, the City was sued for its number of sewer spills. The Environmental Protection Agency and the State filed similar lawsuits against the City in 2003.

In order to settle those lawsuits, the City will need to finance \$500 million to begin the repair or replacement of aging sewer pipes and pump stations. This will also require rate increases.

I am announcing tonight that I will recommend to the City Council that we explore private financing for the most important and immediate of these improvements. This will allow us to provide our citizens with a clean and safe water supply and to improve our sewer infrastructure.

Section 11: Mayor to Focus City on Core Services/Re-engineer Government

We will focus city resources on things we must do -- or do well. We will find better, more economical ways to perform functions we don't do as well

To do that, I'm going to focus on core services; I'm going to reduce waste, duplication and bureaucracy; and I'm going to search for more cost-effective ways to provide quality services.

I will ask the City Council to place a Proposition on the ballot asking voters to approve a Charter amendment that will allow for managed competition for appropriate city services.

This process will be transparent and it will contain safeguards to prevent abuse. The goal in this process will be a smaller, more responsive and more cost efficient city government.

I also expect the municipal labor unions to do their part. While I will ask employee groups to make additional sacrifices, I will also offer them the prospect of a comprehensive solution that will get the city's finances back on track, so employees will know that their jobs and their pensions can ultimately be secured.

I am also moving ahead with a major re-engineering of city government, with the goal of creating a model for honest, effective, efficient local government, able to provide quality services to its citizens.

The values guiding this re-structuring are ethical conduct by every elected official and employee; integrity; public trust; transparency in all decision-making; and accountability to the voters.

I am pleased to announce that as of earlier this week, my leadership team is now in place. This is a huge step forward and will allow us to get down to the hard work ahead.

My plan is to realign the City's organizational functions so that it is more efficient. We have also begun re-engineering our management processes.

We will tackle four areas first that affect the entire organization: contracts; personnel; information technology and administration. There are no preconceived outcomes. We will take the respective processes apart and assess how they can be made better.

A diverse group of stakeholders, from employees to taxpayers, will have seats at the table as we have these discussions. Over the course of the three years of my term, we will turn government upside down. I hope to review virtually every single process or function of City government.

Section 12: Mayor will Fix City's Troubled Real Estate Assets Department

A good example of this review will be the City's troubled Real Estate Assets Department. Questions related to this critical function will be addressed and resolved as part of a comprehensive solution to the city's financial crisis.

It is particularly embarrassing – and just plain inexcusable -- that the City doesn't know what properties it owns, doesn't know what properties it leases to third parties and can't tell anyone with certainty how much money it collects in rent. All of that will change.

An inventory of all City-owned property will be conducted.

An evaluation of each piece of property owned will begin as part of our restructuring.

And systems will be put in place to track income.

Section 13: Mayor Makes Affordable Housing a Priority

Restoring our ethical compass at City Hall, re-structuring city government and getting city finances back on track are just a means to a much larger end. While we must and will solve the city's immediate problems, we must also pay attention to the challenges of the future.

These challenges include a serious shortage of affordable housing.

The imperative of keeping our local economy healthy and strong even as our national economic climate becomes more uncertain. And the need to keep our neighborhoods safe and healthy, including basic infrastructure.

Beyond the City's financial crisis looms a housing emergency, an immediate and real threat that cuts across San Diego's socio-economic spectrum.

Our supply of housing continues to lag behind demand. An emphasis must be placed on building housing that is affordable to our workforce.

More housing requires good planning, and good planning demands the revitalization of San Diego's older urban neighborhoods and suburban rings. To this end, we will not simply rubber stamp the on-going update to the City's General Plan.

The General Plan must provide an honest and workable blueprint for providing housing along transportation corridors and in close proximity to employment centers. The popular term "Smart Growth" must be replaced with a meaningful commitment to encouraging density that includes supporting infrastructure.

San Diego is transitioning from suburban to urban development, which means the old rules don't apply. This requires more creative planning and innovation from homebuilders and cooperation from the City's Development Services and Planning Departments.

Regulatory inefficiency is the most immediate and correctable roadblock to solving the housing crisis. I will set into motion the reform of the regulatory process so that we can reduce housing costs and expedite the building of new housing units.

Specifically, I will set a goal of reducing the permit processing period.

To ensure this goal is met, annual benchmarks will be created to measure housing production, regulatory incentives, and reduction in processing times.

I can and will encourage dialogue between developers and environmentalists. The false wars waged by these two traditional antagonists end up costing our community huge sums of money.

My goal will be to arrive at consensus more often than not. To forge conversations aimed at shared values so that we allow responsible, thoughtful development to proceed.

Section 14: Economic Development Important to San Diego

With the vagaries of the national economy, we cannot afford to take for granted the continued vitality and growth of our local economy.

Knowledge-based industries are central to San Diego's participation in the global economy. Jobs in this area pay 60-120% more than the region's median wage and have high multipliers for creating other jobs in the region.

These industries look to San Diego's world-class research base and quality of life to recruit and retain highly skilled workers.

I will be proactive in the retention of present business and the attraction of new business.

For San Diego to remain competitive in attracting knowledge-based industries against stiff competition from other localities, **it is essential that the Mayor reflect the city's intent to be business friendly with a reasonable tax structure, access to business facilities, predictable timelines in the permitting process and a supportive physical infrastructure.**

The United States Navy and Marine Corps have played a critical role in the development of San Diego, and remain important contributors to its economy.

I will establish regular contacts with the military locally and make periodic visits to consult with Defense Department Officials in Washington, D.C.

I will also work closely with local Congressional Representatives and California Senators to maintain support for local military installations.

I will be a champion for the visitor industry. Visitors to San Diego are the important third economic leg supporting the local economy.

Section 15: Regional Cooperation Important to Getting Our "Fair Share"

I am a huge believer in regional cooperation. As much as some may think that we are an island, we are far from that. San Diego is only one of 18 cities in San Diego County. **We will be able to accomplish more as a region when we work together with San Diego County and our sister cities. To that end, I plan to meet with my colleagues on the County Board of Supervisors as well as the region's mayors within the next 3 months to establish a spirit of collaboration.**

That spirit of collaboration will serve us well when we cooperatively go after our region's fair share from Sacramento and Washington, D.C.

I have long contended that San Diego has not received its fair share from these two capitols. Our potential loss of homeland security dollars is the perfect reflection of this observation. As the

City's problems worsened over the past few years, our visibility in these two power centers has become virtually non-existent.

Our citizens lawfully pay their taxes – lots of them – every year. And as a result of they deserve their fair share back.

The most egregious example of us not getting our fair share is property taxes. Our region receives approximately 17 cents on every dollar of property taxes. Other regions receive up to twice as much.

I will ask my regional colleagues to make fiscal fairness one of our top regional priorities for 2006. I will ask SANDAG to conduct a thorough analysis so that we know where we stand, relative to other cities in funding for transportation, infrastructure and public safety.

As I speak, the Governor and legislative leaders in Sacramento are discussing the potential for the most significant infrastructure investment plan in 50 years.

I pledge that I will be a tireless advocate on our City's behalf so that San Diego can enjoy its fair share of any infrastructure bond.

I will also take an active role as an advocate for the city's interests regarding the distribution of TRANSNET funds. I would like to see these funds used to enhance the infrastructure that underlies economic development and not as a political pork barrel for local jurisdictions or as a substitute for local funding of routine maintenance.

Section 16: Chargers Options Must be Good for Taxpayers

There will also be a call this year for a new stadium for the San Diego Chargers.

As we address this challenge, I will do my best to tone down the rhetoric, move past the personality conflicts, and seek to develop a plan that protects San Diego taxpayers and fulfills the needs of the Chargers.

But if the plan cannot protect the taxpayers, we will not move forward. I promise to explore every option at our disposal to keep the team here.

Section 17: Airport Issue Important to San Diego

Another major infrastructure issue will also face voters in 2006. Our international airport at Lindbergh Field is a major constraint on our future economic well-being.

By the year 2025, congestion at the busiest single-runway airport in the U.S. will begin impacting our local economy.

Since it takes at least 15 years to develop a new airport, we are rapidly running out of time. I and other San Diegans will view with interest the actions of the San Diego Regional Airport Authority over the next several months as they make recommendations to voters about the future of commercial air transport in our region.

Section 18: Mayor Expresses Hope for the City's Future

Our city has never faced such challenging times - challenges which pose risks to our economy and quality of life.

We can view these predicaments as crises and shrink from them -- or we can view them as opportunities and step up to them. Today, I ask you to take those first steps with me.

One of my first official acts was to restore to the good name of San Diego, an historic motto: "America's Finest City." And that's because we are.

Grievous mistakes did not change our people....they did not change our harbors and beaches, nor our culture and creativity. Our pride remains unbowed and our determination is intact.

When I walk our streets and neighborhoods, I still see the dream that brought me here...the sunny view of life and the hope that shapes the strength in my fellow citizens.

Because we have faltered does not mean we should shroud this great city in shame. It means, only, that we now have work ahead of us - work which I pledge to lead....to create here in San Diego a model for efficient, accountable and ethical local government.

The task may be difficult, but I do not view it as a sacrifice to re-make our greatness; I view it as the good fortune of determined and gifted San Diegans who will never step down when there is an option to step forward.

I don't present timelines today, and my roadmap has benchmarks yet to fill in. But you can take this to the bank: I pledge you an era of openness that will keep you informed on each leg of our journey.

No one in public service should take a special pledge to tell the truth -- that should be a given. But I think this is a good occasion for you to hear it from me direct: the truth will be my compass with all the consequences it brings...good or bad.

There will be risks on this road to restoration, and I can't say there won't be mistakes.

But I will learn from them, not run from them.

And this is exactly where I look to each of you for help....I ask San Diegans for your ideas, your support, your patience and - in those times when I deserve it - a piece of your mind.

I don't ask you for your trust, because I believe I must earn that. But no one will work harder to earn it.

Twenty-one years ago, President Ronald Reagan came to San Diego on the eve of his re-election. He called San Diego "my good luck city."

After traveling across the country, to giant cities and little towns....across the heart of America, he chose OUR city to bring a message in words I take to heart:

"We stand together, we Americans, and we're holding each other's hands, and we're walking into the future with pride in each other and a great faith."

So I ask that we stand together at a great moment in our city's history. Stand with self confidence. Stand with determination. And stand with faith so that no one can ever question that we are, without doubt, America's Finest City.

Thank you and may God bless our great city.

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Exhibit 13



JERRY SANDERS
MAYOR

June 20, 2007

The Honorable Edmund G. Brown, Jr.
Attorney General
State of California
P.O. Box 94255
Sacramento, CA 94244-2550

Dear Attorney General Brown:

The purpose of this letter is to formally request an inquiry and evaluation into the allegations of corruption made by the San Diego City Attorney in his Union Tribune Letter to the Editor dated June 15, 2007 (attached). Because of the serious nature of these allegations, it is necessary that a fully independent and skilled agency such as the Attorney General's Office look into these charges. In addition, it is requested that priority be given to this inquiry and evaluation.

Thank you for your consideration.

Sincerely,


JERRY SANDERS
Mayor

Attachment: Letter to Editor from the City Attorney, dated June 15, 2007

CC: Dane Gillette, Chief, Criminal Division
Gary W. Schons, Senior Assistant Attorney General, San Diego

Exhibit 14

EDMUND G. BROWN JR.
Attorney General

State of California
DEPARTMENT OF JUSTICE



455 GOLDEN GATE AVENUE, SUITE 11000
SAN FRANCISCO, CA 94102-7004

Public: (415) 703-5500
Telephone: (415) 703-5866
Facsimile: (415) 703-5877
E-Mail: dane.gillette@doj.ca.gov

June 21, 2007

The Honorable Jerry Sanders, Mayor
City Administration Building
202 C Street
San Diego, CA 92101

RE: Request for Investigation

Dear Mayor Sanders:

Your June 20, 2007 letter to Attorney General Brown has been forwarded to me for response. In light of the serious allegations and the importance of maintaining public confidence in its elected officials, the Attorney General's Office will, as you requested, investigate the charges of public corruption. The investigation will be handled by the San Diego office of the Attorney General.

Thank you for bringing this matter to our attention.

Sincerely,

A handwritten signature in dark ink, appearing to read "Dane R. Gillette".

DANE R. GILLETTE
Chief Assistant Attorney General

For EDMUND G. BROWN JR.
Attorney General

Exhibit 15

Mayor Sanders Responds to Aguirre Charges of "Corruption"

Posted by: Mighty Thor | 06/21/2007 12:10 PM

A MESSAGE FROM MAYOR JERRY SANDERS:

Earlier this morning, I held a news conference to answer Mike Aguirre's charges of "corruption" against me and to address various Sunroad issues. During the first portion of the news conference, I was honored to be joined by a number of highly distinguished law enforcement and judicial officials; their names appear below.

Since I took office, I have attempted to work cooperatively with our City Attorney, to avoid conflicts with him that would obstruct progress in getting our city back on track financially and organizationally. Before I was elected, the City Attorney had demonstrated an ability to obstruct and disrupt city operations. I hoped to avoid this problem during my administration. Despite my efforts, our relationship recently deteriorated when Mr. Aguirre accused me of "corruption," a charge he leveled in retaliation for requiring him to manage his office with the same fiscal accountability that I demand from all city departments.

As a man who has dedicated himself to upholding the rule of law, I do not take words like "illegal" or "corrupt" lightly. I don't - and I won't - toss these words around. To me, they mean something. That's why I made the determination that I must address Mr. Aguirre's abuse of discretion.

I want to assure our citizens that I have done nothing unlawful nor have I acted in a corrupt fashion.

I take this accusation so seriously that I have asked the State Attorney General to evaluate Mr. Aguirre's unfounded charge of corruption against me. I want, and I think the citizens of our community deserve, a dispassionate assessment of the charges made by Mr. Aguirre. I am confident that this evaluation will conclude that I have acted properly. The Attorney General has accepted my request; a copy of his office's letter to me can be found below.

It is fine to disagree on issues and on the decisions that each of us make in the discharge of our responsibilities. The city has a number of issues that are contentious and on which people of good judgment can disagree. Such disagreement is proper and is healthy. It is entirely another thing to abuse the authority of your office in order to intimidate and/or silence those who disagree with you; to abuse the authority of your office to achieve your political objectives--no matter how high-sounding they are.

Sunroad Developments

Public safety has and always will be my first priority. As such, I vigorously support the City's prosecution of the case against Sunroad so that the Centrum 12 office building is

reduced in size to 160 feet and no longer poses a danger to the public. No one who knowingly violated FAA regulations should get a free ride. It's clear that Sunroad knowingly violated the very clear advice of the FAA to limit the building to 160 feet.

I have directed DSD to issue a full Stop Work Order on the entire project. As a result of my memo yesterday to the City Attorney asking for a legal opinion from the law firm representing the City, I will issue a full stop work order on this project. I am relying on the City Attorney's advice that the City is on firm legal ground in directing that this stop work order be issued.

I call on Sunroad to do the right and honorable thing and simply re-engineer the building to meet the 160 feet height limit. I call on Sunroad to act immediately and do what's in the best interests of our community. Bring down the building now to 160 feet! As I have stated previously, no occupancy permits will be issued until this matter is fully resolved.

Guests at Mayor's News Conference:

Sheriff Bill Kolender

District Attorney Bonnie Dumanis

Police Chief Bill Lansdowne

Executive Assistant Police Chief Bill Maheu

U.S. Marshal for the Southern District of California, Steve Stafford

Judge Jesse Rodriguez, a former Superior Court Judge and now the Assistant District Attorney

Undersheriff Bill Gore, a former head of the FBI's San Diego Field Office

Dan Dzwilewski, the immediate former head of the FBI San Diego Field Office

Chief Rick Emerson from Chula Vista, president of the San Diego Police Chiefs and Sheriffs Association

Justice Howard Weiner, formerly of the State's 4th District Court of Appeal

Paula Robinson, Chief of Investigations for the San Diego District Attorneys Office

Attorney David Noonan, Former San Diego County Bar Association president and current president of Volunteer Attorneys

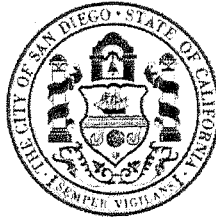
Click the following link to see a full copy of my remarks:

http://www.sandiego.gov/mayor/pdf/sunroad_press_remarks_6_21.pdf

Click the following link to see a copy of my letter to the Attorney General:
http://www.sandiego.gov/mayor/pdf/letter_to_ag.pdf

Click the following link to see a copy of the Attorney General's Office to me:
http://www.sandiego.gov/mayor/pdf/letter_from_ag.pdf

Exhibit 16



REMARKS BY MAYOR JERRY SANDERS
REGARDING MR. AGUIRRE'S CHARGE OF "CORRUPTION" AND SUNROAD
JUNE 21, 2007

Since I took office, I have attempted to work cooperatively with our City Attorney, to avoid conflicts with him that would obstruct progress in getting our city back on track financially and organizationally. Before I was elected, the City Attorney had demonstrated an ability to obstruct and disrupt city operations. I hoped to avoid this problem during my administration.

I believe that our citizens want their elected officials – especially the top two officials who are elected city-wide – to work cooperatively in the interests of our citizens.

For the past 19 months, maintaining a constructive relationship with Mr. Aguirre has been a priority, and as a result I have refrained from commenting on problems he has created or deficiencies in his performance, knowing that such comments would compromise our working relationship.

Despite my efforts, our relationship recently deteriorated when Mr. Aguirre accused me of corruption, a charge he leveled in retaliation for requiring him to manage his office with the same fiscal accountability that I demand from all city departments. Bluntly, he wanted to keep 17 improperly budgeted staff members. He made the same politically-motivated charge again last Friday in a letter to the editor of the San Diego Union-Tribune.

For the past week, I have debated whether or not I should respond to his charge.

As a man who has dedicated himself to upholding the rule of law, I do not take words like "illegal" or "corrupt" lightly. I don't – and I won't – toss these words around. To me, they mean something.

When used by a prosecutor responsible for the ethical conduct of his office, they take on special importance. Prosecutors have an ethical obligation to avoid making unsubstantiated or politically-motivated charges, or to pre-judge a situation before all the facts are in. Misconduct by a prosecutor sworn to uphold the public trust can have grave impacts on public discourse and the integrity of our system of representative government.

That's why I made the determination that I must address Mr. Aguirre's abuse of discretion. I want to assure our citizens that I have done nothing unlawful nor have I acted in a corrupt fashion.

There is no question that mistakes were made by my administration in the handling of the Sunroad matter. I have taken full responsibility for these mistakes and have pledged to fix the problems so that they can never happen again. I will speak to some of the outstanding issues during the second part of this news conference.

But that is very different from spurious charges of corruption and illegal acts made by Mike Aguirre.

I take this accusation so seriously that I have asked the State Attorney General to evaluate Mr. Aguirre's unfounded charge of corruption against me. I want, and I think the citizens of our community deserve, a dispassionate assessment of the charges made by Mr. Aguirre. I am confident that this evaluation will conclude that I have acted properly.

As you know, I'm not the first person Mr. Aguirre has accused of improprieties. I join a very long list of law enforcement and judicial officials -- some of whom are standing next to me today -- and organizations he has maligned.

They include District Attorney Bonnie Dumanis, Police Chief Bill Lansdowne, Sheriff Bill Kolender, and all of the sitting judges on the San Diego County Superior Court bench.

Recently, a Superior Court judge found Mr. Aguirre guilty of misconduct for his abuse of prosecutorial discretion. He ruled that Mr. Aguirre blatantly disregarded his ethical responsibility to separate civil and criminal prosecution.

Not only has Mr. Aguirre made charges indiscriminately, he has also failed to present evidence to back up his claims, or to formally file charges against the individuals he has defamed. It is obvious that anyone who does not agree with Mr. Aguirre eventually risks being accused of corruption by him.

It is fine to disagree on issues and on the decisions that each of us make in the discharge of our responsibilities. The city has a number of issues that are contentious and on which people of good judgment can disagree. Such disagreement is proper and is healthy. It is entirely another thing to abuse the authority of your office in order to intimidate and/or silence those who disagree with you; to abuse the authority of your office to achieve your political objectives--no matter how high-sounding they are.

I call on Mr. Aguirre to pick his words much more carefully in the future. In my case, I won't allow the words "corruption" or "illegal" to simply fester when they are associated with my name. That's why I am speaking out today and that's why I have asked the Attorney General to evaluate Mr. Aguirre's language.

Part II: Centrum 12 Office Building

Public safety has and always will be my first priority. As such, I vigorously support the City's prosecution of the case against Sunroad so that the Centrum 12 office building is reduced in size to 160 feet and no longer poses a danger to the public. No one who knowingly violated FAA regulations should get a free ride. It's clear that Sunroad knowingly violated the very clear advice of the FAA to limit the building to 160 feet.

If they had wanted to act responsibly, they would have stopped construction at 160 feet until the issue had been sorted out.

Legitimate questions have been raised about how the city got itself in this situation. The primary question in my mind is how the building was allowed to rise above 160 feet even after the City learned of the FAA's objections.

As the mayor, I'm ultimately responsible for the performance of staff in the executive branch of city government. If errors in judgment contributed to this situation, it's my job to make those determinations and hold the people who are responsible to account.

If existing city procedures contributed to this situation, that too must be determined and appropriate procedural changes will be made so that this can never happen again. And that's exactly what I intend to do. This is a big organization. Mistakes are sometimes made. When they are, the public deserves answers and solutions.

But the City Attorney and I have two very different approaches to dealing with such mistakes. Mr. Aguirre's approach is to exploit a problem, call a news conference and make accusations, rightly or wrongly.

My approach is to get all the facts, figure out what went wrong, make changes as appropriate, pursue solutions in the public interest, and present this information to the public. That's what I'm doing regarding Sunroad.

A few weeks back, I announced an internal investigation of events related to this matter. That investigation is on-going, with a final report anticipated within a few weeks. When that report is available, I will make it public and announce corrective actions. My approach isn't as dramatic as Mr. Aguirre's. But it's much more constructive in terms of actually solving problems.

There are many issues related to Sunroad on which Mr. Aguirre and I agree. I wholeheartedly support the City's case against the company. No one who willfully ignored federal and state regulations should get a free pass.

I have directed DSD to issue a full Stop Work Order on the entire project.

As a result of my memo yesterday to the City Attorney asking for a legal opinion from the law firm representing the City, I will issue a full stop work order on this project. I am relying on

the City Attorney's advice that the City is on firm legal ground in directing that this stop work order be issued.

I call on Sunroad to do the right and honorable thing and simply re-engineer the building to meet the 160 feet height limit. I call on Sunroad to act immediately and do what's in the best interests of our community. Bring down the building now to 160 feet! As I have stated previously, no occupancy permits will be issued until this matter is fully resolved.

Exhibit 17

CITY OF SAN DIEGO
M E M O R A N D U M

DATE: February 2, 2007

TO: Michael Aguirre, City Attorney

FROM: James T. Waring, Deputy Chief of Land Use and Economic Development

SUBJECT: Sunroad Enterprise/Sunroad Holding Corporation

In response to your letter dated January 25, 2007, requesting copies of documents, records and writings regarding Sunroad Enterprise/Sunroad Holding Corporation.

Enclosed are writings, documents, memorandums and correspondences as follows:

Item#

- 1 - Letter dated Jan. 24, 2007 re: Sunroad Centrum
- 2 - Letter dated Jan. 23, 2007 re: Response to Letter dated Jan. 19, 2007
- 3 - Example Project Chart
- 4 - Written Meeting Notes of Dec. 8, 2006
- 5 - Letter dated Dec. 5, 2006 re: Notice to Stop Work dated Oct. 27, 2006
- 6 - Letter dated Dec. 1, 2006 re: Sunroad Centrum – Proposal to Resolve FAA Issues
- 7 - Sunroad Centrum 12 Chronology of Key Events
- 8 - Fax re: Letter dated Oct. 24, 2006 re: AOPA
- 9 - Fax re: Letter dated Oct. 25, 2006 re: Sunroad Centrum Bldg Stop Work Order
- 10- Letter dated Oct. 24, 2006 re: Sunroad Centrum 2 – Permit Application
- 11- Letter dated Oct. 19, 2006 re: Sunroad Centrum Building 1
- 12- Comprehensive Land Use Plan
- 13- Letter dated Dec. 21, 2006 re: 8620 Spectrum Center Blvd. Approval 303319
- 14- Letter dated Dec. 15, 2006 re: Sunroad Centrum Building 14 at Montgomery Field
- 15- Letter dated Dec. 13, 2006 re: Sunroad Centrum 1 Bldg. at Montgomery Field
- 16- Memo dated Dec. 1, 2006 re: Sunroad Enterprises, Inc. Centrum 1 Bldg. Stop Work Notice
- 17- Letter dated Nov. 28, 2006 re: Appeal by Sunroad Enterprises Stop Work Order of 10-27-06
- 18- Letter dated June 23, 2006 re: Request for Initiation of an Amendment to the New Century Center Master Plan, Development Standards and Design Manual
- 19- Dated Apr. 18, 2006 re: Map to Sunroad
- 20- Dated May 11, 2006 re: Centrum
- 21- Dated May 11, 2006 re: Scheduling
- 22- Dated May 25, 2006 re: Scheduling
- 23- Dated July 26, 2006 re: Sunroad Centrum - 14 Substantial Conformance Review
- 24- Dated July 27, 2006 re: Sunroad Centrum - 14 Substantial Conformance Review

Here are electronic mail documents for the stated period.

- 25- Dated Oct. 12, 2006 re: Sunroad Bldg. near MYF
- 26- Dated Oct. 12, 2006 re: Development Services
- 27- Dated Oct. 17, 2006 re: Sunroad
- 28- Dated Oct. 17, 2006 re: Sunroad
- 29- Dated Oct. 19, 2006 re: Sunroad
- 30- Dated Oct. 23, 2006 re: Sunroad
- 31- Dated Oct. 25, 2006 re: Sunroad
- 32- Dated Oct. 25, 2006 re: Sunroad
- 33- Dated Oct. 25, 2006 re: Sunroad
- 34- Dated Oct. 25, 2006 re: Sunroad
- 35- Dated Oct. 25, 2006 re: Sunroad
- 36- Dated Oct. 25, 2006 re: Sunroad
- 37- Dated Oct. 25, 2006 re: Sunroad
- 38- Dated Oct. 26, 2006 re: Lichman Letter to David Miller
- 39- Dated Oct. 26, 2006 re: Sunroad
- 40- Dated Oct. 26, 2006 re: Sunroad
- 41- Dated Oct. 26, 2006 re: Sunroad
- 42- Dated Oct. 26, 2006 re: Sunroad Centrum Bldg 1 Response to Request for Stop Work Order
- 43- Dated Oct. 26, 2006 re: Sunroad Centrum Bldg 1 Response to Request for Stop Work Order
- 44- Dated Oct. 26, 2006 re: Sunroad Centrum
- 45- Dated Oct. 26, 2006 re: Sunroad Centrum Bldg 1 Response to Request for Stop Work Order
- 46- Dated Oct. 27, 2006 re: Stop Work Order
- 47- Dated Oct. 27, 2006 re: Sunroad Letter
- 48- Dated Oct. 30, 2006 re: Sunroad Building
- 49- Dated Nov. 9, 2006 re: People noticing workers on top floor of Sunroads building
- 50- Dated Nov. 14, 2006 re: Sunroad Centrum 12 FAA issue timeline
- 51- Dated Nov. 14, 2006 re: Sunroad
- 52- Dated Nov. 14, 2006 re: Corrected version of Centrum 12 FAA Chronology
- 53- Dated Nov. 15, 2006 re: Photos of the Sunroad Bld at various visibilities
- 54- Dated Nov. 15, 2006 re: Centrum – Airport Advisory Committee Meeting
- 55- Dated Nov. 28, 2006 re: Sunroad – FAA 11-8-06 Appeal Ltr to J. Waring
- 56- Dated Nov. 29, 2006 re: Sunroad Briefing doc
- 57- Dated Dec. 4, 2006 re: Letter dated December 1, 2006
- 58- Dated Dec. 4, 2006 re: Letter dated December 1, 2006
- 59- Dated Dec. 6, 2006 re: CA's visit to DSD-Sunroad
- 60- Dated Dec. 6, 2006 re: Sunroad/FAA
- 61- Dated Dec. 6, 2006 re: AAC Update on my meeting with Sunroad Enterprises 12/5
- 62- Dated Dec. 7, 2006 re: Sunroad/FAA
- 63- Dated Dec. 7, 2006 re: MND – Sunroad Centrum 1 Building
- 64- Dated Dec. 7, 2006 re: Sunroad Projects

- 65- Dated Dec. 8, 2006 re: Sunroad/FAA
- 66- Dated Dec. 11, 2006 re: Sunroad Update as of 12-8
- 67- Dated Dec. 11, 2006 re: Sunroad/FAA - Letter agreement w/ City
- 68- Dated Dec. 11, 2006 re: Your Editorial – Fly by the book
- 69- Dated Dec. 12, 2006 re: Your Editorial – Fly by the book
- 70- Dated Dec. 12, 2006 re: Centrum 1 Stop Work Order
- 71- Dated Dec. 12, 2006 re: Sunroad Spectrum – 12 questions
- 72- Dated Dec. 12, 2006 re: Centrum 1 Stop Work Order
- 73- Dated Dec. 12, 2006 re: Sunroad building article 12-11-06
- 74- Dated Dec. 12, 2006 re: Sunroad building article 12-11-06
- 75- Dated Dec. 12, 2006 re: Your Editorial - Fly by the book
- 76- Dated Dec. 12, 2006 re: Your Editorial -Fly by the book
- 77- Dated Dec. 13, 2006 re: Sunroad building article 12-11-06
- 78- Dated Dec. 13, 2006 re: Aguirre on KUSI this mooring
- 79- Dated Dec. 15, 2006 re: FYI only – Sunroad Centrum Residential/PTS #99397
- 80- Dated Dec. 15, 2006 re: Union Tribune Letter
- 81- Dated Dec. 15, 2006 re: Sunroad Dates
- 82- Dated Dec. 15, 2006 re: Sunroad Dates
- 83- Dated Dec. 15, 2006 re: Union Tribune Letter
- 84- Dated Dec. 15, 2006 re: FAA/Sunroad
- 85- Dated Dec. 18, 2006 re: FAA/Sunroad
- 86- Dated Dec. 21, 2006 re: Some Unfinished Business, The answer concerning 160 FT
- 87- Dated Dec. 21, 2006 re: Some Unfinished Business, The answer concerning 160 FT
- 88- Dated Dec. 22, 2006 re: Some Unfinished Business, The answer concerning 160 FT
- 89- Dated Dec. 22, 2006 re: Some Unfinished Business, The answer concerning 160 FT
- 90- Dated Dec. 22, 2006 re: City vs. Sunroad Enterprises
- 91- Dated Dec. 26, 2006 re: City vs. Sunroad Enterprises
- 92- Dated Dec. 26, 2006 re: Sunroad
- 93- Dated Dec. 26, 2006 re: City vs. Sunroad Enterprises
- 94- Dated Dec. 26, 2006 re: Spectrum Sunroad Centrum 12
- 95- Dated Dec. 26, 2006 re: Spectrum Sunroad Centrum 12
- 96- Dated Dec. 26, 2006 re: Sunroad
- 97- Dated Dec. 27, 2006 re: Talking points for spectrum
- 98- Dated Dec. 27, 2006 re: Final corrected version of Centrum 12 FAA Chronology
- 99- Dated Dec. 27, 2006 re: Attorney's office - Sunroad Project 8620 Spectrum Center Bl.
- 100- Dated Jan. 4, 2007 re: Sunroad appeal re. Building near Montgomery Field
- 101- Dated Jan. 4, 2007 re: Sunroad appeal granted by Planning Department
- 102- Dated Jan. 4, 2007 re: Sunroad appeal re. Building near Montgomery Field
- 103- Dated Jan. 10, 2007 re: Sunroad
- 104- Dated Jan. 11, 2007 re: City adds CAASD & AOPA to Sunroad lawsuit
- 105- Dated Jan. 16, 2007 re: Sunroad Building near Montgomery Field
- 106- Dated Jan. 17, 2007 re: Kearny Mesa Planning Group meeting Wed Jan 17

- 107- Dated Jan. 22, 2007 re: Sunroad
- 108- Dated Jan. 22, 2007 re: Sunroad Centrum Residential Third Assessment Letter
- 109- Dated Jan. 22, 2007 re: Sunroad
- 110- Dated Jan. 23, 2007 re: Talking points for spectrum
- 111- Dated Jan. 23, 2007 re: Sunroad
- 112- Dated Jan. 23, 2007 re: Sunroad Centrum 12-Office Building & Permit Chronology
- 113- Dated Jan. 23, 2007 re: Your letter of Jan. 19 _ 1 doc
- 114- Dated Jan. 23, 2007 re: Photos 8620 Spectrumn
- 115- Dated Jan. 23, 2007 re: Final corrected version of Centrum 12 FAA Chronology
- 116- Dated Jan. 23, 2007 re: Photo
- 117- Dated Jan. 23, 2007 re: Take a look & give me your comments
- 118- Dated Jan. 23, 2007 re: Letter to FAA
- 119- Dated Jan. 23, 2007 re: Sunroad permit
- 120- Dated Jan. 23, 2007 re: What it's Worth
- 121- Dated Jan. 24, 2007 re: Aguirre targets tower near Montgomery
- 122- Dated Jan. 24, 2007 re: Complete Sunroad timeline and accompanying documents
- 123- Dated Jan. 24, 2007 re: Sunroad permit
- 124- Dated Jan. 24, 2007 re: Complete Sunroad timeline and accompanying documents
- 125- Dated Jan. 26, 2007 re: Sunroad Centrum-12 Timeline final 072607.doc
- 126- Dated Jan. 29, 2007 re: City of San Diego v. Sunroad Centrum 34 al GIC 877054
- 127- Dated Jan. 29, 2007 re: Sunroad Document Request
- 128- Dated Jan. 29, 2007 re: Sunroad Document Request
- 129- Dated Jan. 29, 2007 re: Sunroad Document Request
- 130- Dated Jan. 30, 2007 re: Current state of Sunroad roof construction
- 131- Dated Jan. 30, 2007 re: Current state of Sunroad roof construction
- 132- Dated Jan. 30, 2007 re: Sunroad & related records
- 133- Dated Jan. 31, 2007 re: Sunroad procedures
- 134- Dated Jan. 31, 2007 re: Sunroad procedures
- 135- Dated Jan. 31, 2007 re: Aguirre Second Notice of Nuisance
- 136- Dated Jan. 31, 2007 re: Sunroad procedures
- 137- Dated Jan. 31, 2007 re: Sunroad building

Listed below are the electronic appointment records pertaining to the above subject.

- 138- Dated Jun 9, 2006 re: Weekly Staff Pre-Brfg with Mayor Sanders
- 139- Dated Jun 13, 2006re: Jim Bartell - Discuss Sunroad/SDG&E
- 140- Dated Dec. 19, 2006 re: Sunroad Teleconf. call
- 141- Dated Dec. 19, 2006 re: Mtg w/Aaron Feldman & Tom Story re: Sunroad
- 142- Dated Jan. 8, 2007 re: SR 905
- 143- Dated Jan. 10, 2007 re: Aaron Feldman Meeting



OFFICE OF MAYOR JERRY SANDERS
CITY OF SAN DIEGO
MEMORANDUM

DATE : May 30, 2007
TO : Michael J. Aguirre, City Attorney
FROM : Abby Jarl, Mayoral Assistant *AJ*
SUBJECT : Response to Request under Provisions of San Diego City Charter Section 40

In response to your memorandum dated May 24, 2007, requesting copies of documentation related to Sunroad.

Enclosed are all documents, memorandums and correspondence responsive to your request as follows:

Item#

- X1 - To: Michael Aguirre; From: James Waring; Date: Feb. 2, 2007; Subject: Sunroad Enterprise/Sunroad Holding Corporation
- X2 - To: James Waring; From: Aaron Feldman; Date: April 25, 2007; Subject: City of San Diego, et al. v. Sunroad Centrum L.P., et al., GIC 877054
- X3 - To: James Waring; From: Andrea Guerrero; Date: March 14, 2007; Subject: Sunroad Enterprises' Notification of Additional Damages and Construction Crane
- X4 - To: Tom Story; From: Marcela Escobar-Eck; Date: Dec. 21, 2006; Subject: 8620 Spectrum Center Blvd. Approval 303319
- X5 - To: Michael Neal, et al; From: Stath Karras; Date: Oct. 16, 2006; Subject: Alan Beaulieu Event
- X6 - To: James Waring; From: Steven Strauss; Date: Dec. 6, 2006; Subject: Sunroad/FAA
- X7 - To: James Waring; From: Tom Story; Date: Oct. 26, 2006; Subject: Lichman Letter to David Miller
- X8 - To: James Waring; From: Tom Story; Date: Nov. 14, 2006; Subject: final corrected version of Centrum 12 FAA Chronology
- X9 - To: James Waring; From Steven Strauss; Date: Dec. 5, 2006; Subject: Notice to stop work dates October 27, 2006, with respect to permit number 30331 for job address 8620 Spectrum Center Blvd. (the "Notice")
- X10 - To: James Waring; From: Tom Story; Date: Dec. 12, 2006; Subject: Centrum 1 Stop Work Order
- X11 - To: Tom Story; From: Jim Waring; Date: Dec. 12, 2006; Subject: Centrum 1 Stop Work Order
- X12 - To: Jim Waring, et al; From: Enoch Light; Date: Dec. 19, 2006; Subject: Mtg w/Aaron Feldman & Tom Story re: Sunroad
- X13 - To: Jim Waring; From: Arte Europa; Date: Jan. 30, 2007; Subject: Sunroad Meeting, 1/29/07
- X14 - To: Jim Waring, et al; From: Brigitte Caric; Date: Feb. 12, 2007; Subject: Sunroad - Feb. 12, 2007 Letter to K. Urie from SMS
- X15 - To: Michael Aguirre, et al; From: Steven Strauss; Date: March 13, 2007; Subject: Sunroad Enterprises' Notification of Additional Damages and Construction Crane

16 – To: Jim Waring; From: Steven Strauss; Date: Feb. 12, 2007; Subject: FW: Sunroad-City of San Diego: Feb 7, 2007 – Letter to K. Urie from SMS re City Attorney's Notice of Nuisance
17 – To: Tom Story; From: Marcela Escobar-Eck; Date: Dec. 21, 2006; Subject: 8620 Spectrum Center Blvd. Approval 303319
18 – To: Jim Waring, et al; From: Enoch Light; Date: Dec. 19, 2006; Subject: Mtg w/Aaron Feldman and Tom Story re: Sunroad
19 – To: Jim Waring, et al; From: Enoch Light; Date: Jan. 8, 2007; Subject: SR 905 Mtg
20 – Appointment; Date: Jan. 10, 2007; Subject: Aaron Feldman Meeting
21 – To: Steven Strauss, et al; From: Michael Calabrese; Date: April 20, 2007; Subject: Approval of Panel for Administrative Appeal of Stop Work Order Sunroad Centrum 1 Building
22 – To: James Waring; From: Richard Vann; Date: April 9, 2007; Subject: none
23 – To: James Waring; From: Aaron Feldman; Date: Feb. 7, 2007; Subject: Sunroad Centrum FAA Proposal
24 – To: James Waring; From: Steven Strauss; Date: Dec. 5, 2006; Subject: Notice to stop work dated Oct. 27, 2006, with respect to permit number 30331 for Job Address 8620 Spectrum Center Blvd. (the "Notice")
25 – To: James Waring; From: Barbara Lichman; Date: Dec. 1, 2006; Subject: Sunroad Centrum – Proposal to resolve FAA "Hazard" issues at Montgomery Field
26 – To: Joe Harris; From: Tom Story; Date: Nov. 21, 2006; Subject: Centrum 12 Office Tower, 8620 Spectrum Center Blvd.
27 – Appointment; Date: May 3, 2006; From: Enoch Light; Subject: Toyota Chula Vista Grand Opening Event
28 – Appointment; Date: June 11, 2006; From: Enoch Light; Subject: San Diego Fire and Rescue Helicopter Unveiling with Sunroad Enterprises
29 – Appointment; Date: Dec. 19, 2006; From: Enoch Light; Subject: Conference Call re: Sunroad
30 – To: Jim Waring, et al; From: Enoch Light; Date: Dec. 19, 2006; Subject: Mtg w/Aaron Feldman & Tom Story re: Sunroad
31 – To: Jim Waring, et al; From: Enoch Light; Date: Jan. 8, 2007; Subject: SR 905 Mtg
32 – To: Jim Waring, et al; From: Enoch Light; Date: Feb. 26, 2007; Subject: Possible Mtg w/Aaron Feldman
33 – To: Jim Waring, et al; From: Enoch Light; Date: Feb. 26, 2007; Subject: Mtg w/Aaron Feldman
34 – To: Distribution; From: Debbie Wake; Date: March 21, 2007; Subject: Donation of Gift to the City
35 – Appointment; Date: Feb. 13, 2007; Subject: IROC Follow up
36 – To: Jim Waring, et al; From: Enoch Light; Date: Feb. 26, 2007; Subject: Mtg w/ Aaron Feldman
37 – To: Alejandra Gavaldon, et al; From: Alejandra Gavaldon; Date: Feb. 13, 2007; Subject: Confirmed – IROC (follow up meeting)
38 – To: Alejandra Gavaldon, et al; From: Alejandra Gavaldon; Date: Feb 8, 2007; Subject: Confirmed – IROC meeting w/Lani, Tom S., Chuck Spinks
39 – To: Fred Sainz; From: Staci Ignell; Date: June 11, 2006; Subject: Staff Mayor: San Diego Fire Rescue Helicopter Unveiling with Sunroad Enterprises

Exhibit 18

Roger Hedgecock's Interview with Mayor Jerry Sanders
KOGO Radio
June 14, 2007 4:30 p.m.

RH = Roger Hedgecock
JS = Mayor Jerry Sanders

RH: Well, I didn't, but, I have to admit it was _____. She's our Pink Floyd expert.
Laughter. Uh, this has been an interesting week for you.

JS: This has been an interesting week for me. As it is every week.

RH: Well, I know this this one got very interesting, because whereas in the first part of your term, you and Mike Aguirre were working pretty closely together and I was talking to Kevin Faulconer the other day and he was kind of pining for the time when uh you know you and he and Aguirre were getting things done and working together and it uh it blew up this week uh pretty significantly, over the subject of the Sunroad uh project.

JS: Well you know I I actually think it blew up over the budget. And you know when you make reform everybody's for it until it affects them and when you have to streamline the City and you have to cut staff and you have to make tough decisions, uh everybody's for that unless it affects them. And I I really think this is as much about that issue as anything else. And you you know we cut a lot of employees. I was happy to get the budget signed yesterday. Um, not as many cuts as I had wanted, but I still think it was a good budget with 639 uh positions cut permanently, along with the ones we had last year, adding up to about seven hundred, or 650. Um, so I, you know, I I understand uh the consternation of the City Attorney over uh not getting additional staff in there. But I think that's got a lot to do with it also.

RH: Okay, so his attack in in terms of the charges he's made of regarding Sunroad are motivated because he didn't get enough lawyers.

JS: I think you know, I I think Mike cares very deeply about the Sunroad issue and I'm not going to try and take that away from him. And I think that's important to acknowledge that. And I will.

RH: Okay.

JS: And I think it's an important issue also.

RH: Uh, last week when I asked you about this issue.

JS: Right.

RH: Uh, let me give you the question and answer from last week's interview so we can set this up so you'll know. . .

JS: Well, I can read it back to you if you'd like. I've got it transcribed also.

RH: Well I want our listeners to hear it. Here it is:

JS: Okay.

Running Tape:

RH: . . ."City Attorney is saying that uh you have uh borrowed the services of an executive from the San Diego Airport Authority, one Ted Sexton, and that he is uh trying to discover a way to change the flight patterns of Montgomery Field to allow the too tall building to remain the same height because it's no longer a hazard, is that true?

JS: No, we brought Ted Sexton over on an agreement with the uh Airport Authority where uh he is a loan executive. He is not uh paid a salary by the City of San Diego. He is instead paid by the Airport Authority and his job is to evaluate um whether Brown Field and Montgomery Field are being run uh correctly and whether we should be doing it, or whether the Airport Authority should be doing it."

RH: So, that's uh, there was a longer answer, but that's the meat of it. Um, now, you know, then Aguirre sends me this letter dated March 2nd, signed by you to Alan Bersin at the San Diego Regional Airport Authority, the chairman. Uh, and it's regarding Montgomery Field Sunroad litigation. And it says, "Dear Alan, the City of San Diego is involved in litigation regarding a building constructed by Sunroad Enterprises near Montgomery Field. The building is already constructed to its maximum height, although interior improvements are not complete." Uh then you skip it skips, I'll skip down to say the part of this, "I would appreciate it and am requesting that the Airport Authority assist us in analyzing the situation..." uh and I guess they are talking about Sunroad, "...and in working with the FAA and other interested stakeholders in an attempt to resolve this issue. Given the Authority staff experience in aviation and in FAA matters, your help would be invaluable providing my office with clear and dispassionate guidance and advice. Let me know if the Authority will help with this important effort." It doesn't say anything about the uh, you know, the evaluation of whether Brown Field/Montgomery Field are going to be run correctly or whether or not the City should be doing it, it says you need help in the Sunroad FAA's controversy.

JS: You, you know Roger, I, I understand exactly what you're saying. And if I misled you, I'm sorry, because I take this seriously. But let me take a few

minutes to put this in context with a couple of other memos and some other conversations that had gone on prior to this. Um, early in the administration, and I'm talking about even before Jim W____, Jim Barwick uh were on board, Ronne Froman, uh Rick Reynolds, uh discussed options uh for greater efficiencies and and started talking about the airport issue. Uh, and, in fact, in January of '06, uh Ronne informally contacted uh the Airport Authority and expressed interest uh in having them take a look at taking over managerial responsibility of both Brown and Montgomery Fields. So, those conversations started in January. And, in fact, in a board communication from the San Diego County Regional Airport Authority, and this one's all board members, and anybody else who wanted it, Thela Bowman, and this is in March of 2006, says basically "in January staff was contacted by members of the Mayor's staff with the idea of discovering if the Authority has an interest in managing or controlling City airports." It goes on from there. Uh, I wrote back a letter in June of 2006, and that's to Thela Bowman, and I said, "this letter confirms the City of San Diego's interest in exploring the possibility of an agreement with the San Diego County Regional Airport Authority uh to assume control of Brown and Montgomery Fields." And I uh talk about several things that an agreement we could talk about, uh general financial uh arrangements, lease terms, duration, ownership, uh revenues, the role and authority of the City Council and management and decision making. Uh, I talked about the Airport Capital Improvement Program, along with uh FAA and that, grant issues with FAA, environmental cleanup – a whole list of issues. Um, and another discussion took place in December uh with Ronne Froman and Jim Waring, and Mike Tussey, and Thela Bowman, and Ted Sexton, to discuss the future of Brown Field and Montgomery Field. So you we've got all of those um issues coming forward. Uh, you know, this started almost a year before these other issues came forward. And we started talking with the Airport Authority about that. And when the whole issue with uh Montgomery Field came up we did send over those letters. Uh, but it was to, it's the whole scope. And if you look at the March 31st um services agreement, um, you've got the scope of services right in there. It talks about FAA. Um, work with City staff to identify issues relating to FAA and Cal Trans to facilitate increased communication. And that's something we've sorely needed and we have used, uh over the last several months, I mean, we have worked on all the issues with Montgomery Field and the Sunroad. But, as you brought up last week, we also have identified, because of the coordination there now, uh an issue in Banker Hill. Where uh the FAA issued a stop work order to uh an architect on a project uh and then later rescinded it because the communication we had back and forth because it, they mismeasured the building. It was actually the right height; it wasn't over the height limit.

RH: Alright, but let's talk about Sunroad.

JS: So that's

RH: I mean, I I under, I understand that you had these previous things, but when you actually sent a letter to ask for Ted Sexton which you hadn't done before March 2nd, 2007, right?

JS: No, but we had asked for the help on the whole thing.

RH: Well, okay. But you didn't ask for a loan executive. You didn't ask for a formal uh sending the guy over to actually start doing work. When you did ask for that, it was for the purpose of the Sunroad litigation, and Alan Bersin wrote you back on March 12th, and he said, in part, "Thank you for your letter dated March 2nd to Mayor Sanders in which you request assistance San Diego County Regional Airport Authority to help resolve issues surrounding the Sunroad Enterprises building near Montgomery Field. We are glad to provide the assistance you requested."

JS: Right.

RH: Um.

JS: We also put together that agreement, the services agreement. Uh you, you, and you know, and I sat with Mike Aguirre on May 18th and this wasn't an issue. And all those scopes of services and everything were out in the public then. So, you know I guess what I'm telling you is there's a larger context to all of this. And if I confused you, or if I've misrepresented it to you, I apologize for that. That's my fault.

RH: Well, it would have, it would have been more understandable had you said, all of what you just said. Mainly we had all these previous conversations, and we are concerned about the effect of administration, but we had a crisis situation with Sunroad, so for all of that uh Ted Sexton came over and started working.

JS: Well, I agree with you. It would have been much less confusing.

RH: Now, here's a more serious problem. Um, Enoch Light is not only, I guess, the name of a uh obscure '70's rock band, but uh your *nom de guerre* in terms of [laughs] of e-mail.

JS: No.

RH: It isn't?

JS: No. It's the City's, uh the Mayor's Office e-mail system. And uh, I learned this today; I didn't know what it was. Uh each of the different departments in the City have their own domain. And they're named different things, uh by different departments. And this was named by uh the person from DPC a few years ago

when uh they brought in Enoch Light, which is a uh an e-mail, it's a domain within the City's GroupWise system.

RH: So if something, if an e-mail goes out from Enoch Light, who is it from?

JS: It could be from anybody in the Mayor's Office. Or anybody, I don't know how far that goes.

RH: Okay, and if you say if you got a

JS: I don't use e-mail.

RH: Okay -- laughs.

JS: I don't use it at all.

RH: Okay, well then that, that may be a problem. Um, but here is a, a copy of an e-mail and a copy a cc: of this went to Shelia, Sheila? Billiard from Enoch Light to Enoch Light and Jim Waring; Date: Tuesday, December 19, 2006; uh Time: 4:30-5:00 p.m.; Subject: Meeting with Aaron Feldman and, and Tom Story; Re: Sunroad (Jim Waring); Place: Mayor's Office.

JS: Right.

RH: Now, the Aguirre accusation is that this date, December 19, two days before the stop work order was modified to allow uh Sunroad to complete the building, um, there was a meeting in your office with you, Tom Story, Aaron Feldman, and Jim Waring, who heads up your department. Uh, two days later the stop work order was modified and Aguirre's charge is that you modified it on behalf of a campaign contributor.

JS: Well (laughs), let me go back into that one. Uh we did have that meeting. Aaron Feldman asked to come over and explain his side of the story. Um he came over and uh said that uh he didn't want to file a lawsuit against the City. Uh he didn't want to file a lawsuit for quite a bit of money against the City, but he was feeling compelled to because uh he felt that he had done everything correctly, even though we now know that that's not the case. Uh he also felt that um it was if we couldn't winterize that building, it was going to create damage in there uh that couldn't be taken care of and if they sued us we were going to owe a lot more money for that. Um I talked with Jim Waring, we had conversations, and basically the decision was made to let the building be winterized so we could mitigate any damages in case there was a lawsuit and in case we lost. Because we lose quite a few lawsuits. Uh and I thought that the right decision was to let it be winterized so that if we did lose the lawsuit, and we have been sued since then, uh that we were not going to have to pay as much of the damages because it simply hadn't allowed it to be destroyed on the inside.

RH: Do you think that Aaron Feldman lived up to the verbal agreement that you're now describing that he had with you?

JS: No.

RH: In what specific respect?

JS: Well, when uh they talk about winterizing, uh, you know, I I think what my expection [sic], or or my impression of winterizing is is you uh put some type of coating around the outside so that rain can't get in, so that wind can't blow in, so that all that can't happen. It certainly didn't mean putting new architectural features at that wing that's on there now. It didn't mean any of those things. And that's the mistake we made in not stopping it quickly enough.

RH: You know the um the modification of the stop work order that went out on December 21st, two days later, was signed by Marcela Escobar-Eck, who had been involved in this uh project for some time and knew exactly uh what uh was uh expected. And she said, quote, in the letter sent to Tom Story, uh in the "in the interest of saving the structure from damage which could be caused by weather, your request will be allowed for this phase of construction for the items discussed at the field meeting of December 1, with Joe Harris, subject to your concurrence with the terms of this letter." Uh, unquote. Do you think Marcela Escobar-Eck would follow this project very minutely? Tom Story who was aware of this project very minutely. Um, that they understood that the weatherization part of this uh thing would be basically be the construction of the top two stories.

JS: You, you know I don't know what Marcela understood. I I just don't know that answer.

RH: You haven't asked her?

JS: No I haven't asked that specific question.

RH: Do you know that in your bureaucracy there's somebody who's supposed to, that actually is designated by your procedures and state law, to sign uh, because it's a pretty serious matter. You know, stopping work. A stop work order is a pretty serious matter. And there's actually a building official that's designated to do that.

JS: Right.

RH: It's not Marcela.

JS: No comment.

RH: I mean, and and and and Waring had to change the the policy in your department because the guy who was supposed to do it, the guy who was actually uh under the policies and the state law required to do it, in terms of modifying any stop work order, refused to do it.

JS: You know, we talked about that issue this afternoon and I I I don't, I'm not sure that's exactly right.

RH: What is exactly right?

JS: Well, my understanding is Marcela asked him if he wanted to do it, if we was willing to do it, and he said no.

RH: And he's the officer that's supposed to do it.

JS: Well, I'm not, I I I don't know that [sic] answer to that. Um...

RH: But it's an important point.

JS: Well, it it's an important point and that's the reason I'm not going to commit to something I don't know the answer to.

RH: Okay.

JS: Uh, I do know she said if you don't want to do it, then I'll do it myself. And that's what she did.

RH: Uh, this particular building official who was designated to issue stop work orders and any amendments to them, any changes to them, refused to do it, wouldn't allow his deputies to do it, and Marcela did tell him, as I understand it, Okay, then I'll do it. Uh she....

JS: And and I understand it differently, but that's....

RH: What... how do, how do you under, I'd like to know how you understand the....

JS: I understand that she went to him and asked him if he was willing to do it and he said no. And she said alright, I'll do it. She didn't try to put the pressure on him to do it, knowing that it was a political situation.

RH: Did she have the authority?

JS: I I don't know that answer. That's what I told you, Roger.

RH: Okay. So I just wanted to make that clear that a stop work order modification went out, not from the person that would normally do it, because Marcela went and asked him to do it in the first place. Right?

JS: Yeah, I I just don't know that answer.

RH: Well you just told me she did.

JS: I'm telling you that she did not pressure him to do it. She said if you don't want to do it, I'll do it.

RH: In other words, in other words she went and asked him to do it.

JS: Right.

RH: And he wouldn't do it.

JS: He said he would prefer not to.

RH: Yeah, so, she went ahead and signed it, when in fact, while that was not normally done.

JS: Inaudible (both talking at same time)

RH: How many other stop work order modifications do you think Marcela signed?

JS: I I don't know. I don't even know how many we put out.

RH: Alright. I don't, I don't either. But, it was an, it was an unusual moment in your bureaucracy. Anyway, uh I I, and more importantly than that, let me get back to Ted Sexton. And I want to uh I want to ask you, now that we know a little bit more about the circumstances under which he came over from the Airport Authority, isn't it true that his responsibility at the Airport Authority is interaction with uh with the FAA and regulatory bodies?

JS: He he's an executive vice president. He has extensive interaction with the FAA and regulatory bodies.

RH: Right. So when he came over, this was part of the thing you were you were seeking is that expertise. And in fact he prepared for a meeting down in Texas of FAA officials, some a, a solution, an alternative solution to the Sunroad uh problem, right?

JS: As I said, we looked at every solution we could think of to protect public safety.

RH: And how many solutions did he present to the FAA in Texas?

JS: Uh, I'm not sure. I think he only presented one, which was the southern uh flight pattern.

RH: Okay. And he did that after consulting with you?

JS: Uh, no.

RH: Who did he consult with?

JS: I'm sure he consulted with uh our staff and all of that. I knew that he was going to present possible solutions. Uh we also presented uh having the Sunroad building down to 163 feet with uh one elevator tower in there. Uh, so we presented a range of solutions and basically the FAA came back and said uh we are willing to change the flight pattern, but we are not willing to uh allow you to uh take the building down to 163 feet with the uh elevator tower sticking up. Uh so you need to change the flight pattern, or you leave it in place like it is. And that's when I made the decision. I made the decision later uh that we're not going to change the flight pattern. Uh Sunroad's got to reduce the size of the building.

RH: Now, in terms of (laughs) reducing the size of a building, I mean, the building is there. It's at 180 feet.

JS: Right.

RH: It's twenty feet higher than uh the FAA says it should be.

JS: I agree.

RH: So, you're putting the whole thing now on a lawsuit filed by Aguirre uh after the actions of people who work for you allowed them to build a building to 180 feet.

JS: Well, yeah I am. In fact I've said we made a mistake on that building. We tried to get advice from the City Attorney's Office before it went up to the 180 feet and couldn't get it. Uh we made a mistake and let that building go up. I'm I'm relying on the City Attorney now uh to get the lawsuit in there where we have them reduce that.

RH: And he's saying, and I think this is the latest I got here, that, based on the City's actions, it undercuts the uh lawsuit because the Sunroad gets to go into court and say wait a minute, everything we did, we have all these letters from everybody at the City telling us these are things we can do.

JS: Well I don't think that's entirely true, Roger. And I'm I'm not going to quibble as things Mike's saying about undercutting. But I made it very clear and then a letter I put out on Monday of this week, I said that we were going to stick with the same flight patterns, we were going to stick with everything so that the uh lawsuit that the City is putting together would not be undercut. Um, I feel very strongly

that we have a good lawsuit on that, and it's time for Mike to get into court and get that taken down.

RH: Uh, is Ted Sexton still a loan to the City?

JS: Yes.

RH: And what is he working on now?

JS: He has helped us on, as I said, uh he has helped us uh the Banker Hill issue, on the Sunroad issue in uh the harbor, uh he has helped us on, on the La Jolla Colony uh project, where we got uh, or the the developer got approval from the Marine Corps. uh to build anything to 360 feet and then FAA came in and said wait a minute, they do not speak for us. Uh and we worked it out, the developers voluntarily after working on that issue, taking the project size down. So he's worked on those, along with um, he's still working on the Brown Field and the Montgomery Field issues to my understanding.

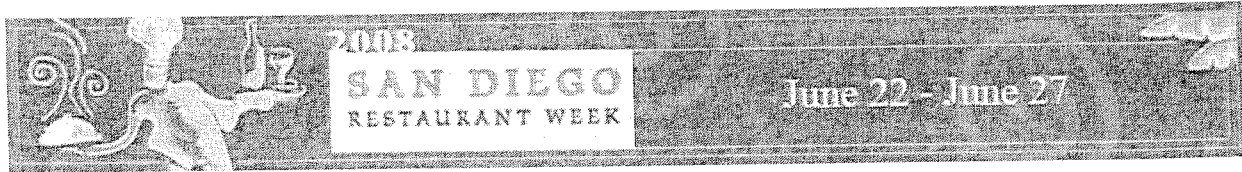
RH: Other than the um, that southern uh flight, reorientation of the flight pattern at Montgomery, to help try to solve the Sunroad problem, did he offer any other alternatives to uh solve the problem with Sunroad, you described the one about uh leaving it at uh 163 plus the elevator and so forth, but in terms of of the actual with the FAA, was there any other alternative he developed?

JS: There was uh, I I think there still is another alternative, and it involves uh newer instruments that uh has everybody land from the east and uh, I don't know the details of that. Um, he had worked on that solution also. That's a a long term solution. But uh really what we decided was that um in order not to undercut the lawsuit and uh to keep us from rerouting traffic over residential areas, that we were going to uh keep the same uh level that we are at right now uh in terms of that level of hazard that's up there. The pilots have to fly at I think it's 960 feet instead of 880 feet. And we'll keep that in place until the Sunroad building comes down.

RH: Alright. On another topic, uh council member Donna Frye and uh Bob McElroy, the president and CEO of the Alpha Project were out at the

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Exhibit 19



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Sunroad's reclusive owner speaks out

 By Jeff McDonald and David Hasemyer
 UNION-TRIBUNE STAFF WRITERS

July 8, 2007

Aaron Feldman spent most of the past three decades nurturing his company and steering clear of the public eye.

But when the La Jolla developer built a high-rise next to a busy airport despite warnings that it violated federal height limits by 20 feet, his carefully guarded reputation began to draw unwelcome attention.

And when Mayor Jerry Sanders last month finally ordered the top floors of the 12-story office tower in Kearny Mesa torn down – eight months after learning about the problem – more questions arose about the man in charge at Sunroad Enterprises.

Feldman, a Mexican citizen who is worth as much as half a billion dollars, worries that the good works and good will he says he tried to cultivate in his adopted country are being swept away by the controversy enveloping his empire.

His worst fear, Feldman said last week in his first media interview ever, is that the public will never recognize Sunroad for its award-winning golf course, its top-end commercial complexes dotting the San Diego cityscape, its corporate philanthropy or its many car dealerships.

“Our integrity and our reputation has to be intact,” said Feldman, seated at the business end of a conference table at his plush company headquarters. “We have been here for 30 years. We have done great things.”

Feldman, 64, agreed to be interviewed only under certain conditions.

He would not address questions outside the scope of his business. And he would not discuss his



HOWARD LIPIN / Union-Tribune

Besides Sunroad Enterprises, Aaron Feldman controls more than 20 companies and partnerships.

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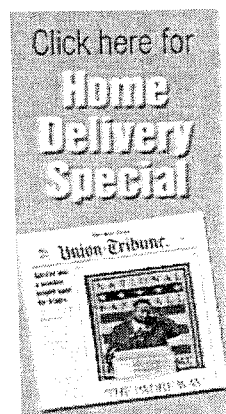
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divorce, which is being fiercely litigated in San Diego Superior Court.

Feldman, who controls more than 20 companies and partnerships besides Sunroad Enterprises, blames the office-tower dispute entirely on the city and has filed a \$40 million lawsuit to recoup his losses.

He said he didn't understand the hazard notice the Federal Aviation Administration sent to Sunroad in April 2006, warning that the building was a hazard to planes landing in bad weather at Montgomery Field less than a mile away.

For guidance, Feldman said he and his team turned to City Hall.

"We were told to stay out of it, that the city and the FAA would work on this," he said.

Feldman refused to reveal which city officials advised him to proceed with construction, saying he was restricted by the litigation.

In the months following the initial hazard notice, Sunroad received similar warnings from the state Department of Transportation. But the construction – and the controversy – continued until just over two weeks ago, when Sanders issued his order that the building be lowered.

Feldman insisted that the city and FAA would have found a way to settle the dispute without altering the building if City Attorney Michael Aguirre had not sued Sunroad in December to get the building height reduced.

"The FAA is very accommodating to cities when these issues happen – especially once the buildings are already up," Feldman said.

"If the City Attorney's Office had not gotten involved, this would have been resolved in an ordinary way in an ordinary period of time."

Even though Feldman has a reputation for being a demanding boss, he said no one – not even the architects who assured him the building was exempt from FAA height limits – has been rebuked for violating federal standards. He has used the same firm, Brian Paul & Associates, since the 1980s.

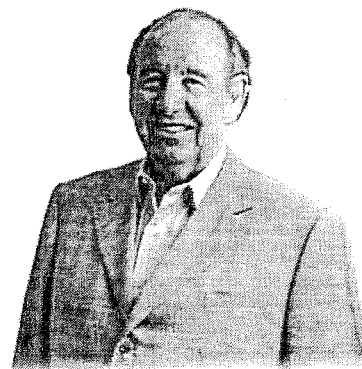
Gilbert Cooke, a dean at the New School of Architecture and Design in San Diego, said any professional working on a high-rise within a mile of a general-aviation airport would surely have known about the FAA rules.

"The question is who gave the architects and engineers of record statements that this is acceptable?" Cooke said.

Feldman alternately blamed city and federal officials for the situation. He said the structure is safe for pilots and tenants and doesn't need to be

Sunroad Enterprises' 180-foot office tower in Kearny Mesa was approved are expected to be released Tuesday. The building exceeds an FAA height limit by 20 feet. Ronne Froman, who recently resigned as San Diego's chief operating officer, conducted the review.

Re-engineering: Sunroad has said it will submit a design plan and timetable for lowering the building to city officials by Tuesday.



HOWARD LIPIN / Union-Tribune
Aaron Feldman's business formula involves deciding what he wants to accomplish and then surrounding himself with the best experts he can find to get it done.

Sunroad's business

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lowered, even though he will do so.

"These millions of dollars are going to be an absolute waste," Feldman said. "If we prevail in court – and I think we will prevail in court – just think how many helicopters the city could buy with that money, how many police officers."

Feldman was born into a wealthy family in Mexico City, where his parents had emigrated from Russia and Lithuania years before. He earned the equivalent of an economics degree from National Autonomous University of Mexico before launching his career.

He took a job with the family business, Grupo Feld, which operated the Siderurgica Tultitlan steel mill, and married 18-year-old Elena Romanowsky in a civil ceremony at his parents' home in 1969.

By the mid-1970s, Feldman began looking north to start his own business. He arrived in San Diego with millions of dollars in seed money from his family and set to work reviewing the business climate and hunting for potential partners.

Architect and former port commissioner Frank Hope Jr. remembers Feldman introducing himself in the late 1970s and pitching one project or another. But the longtime San Diegan resisted going into business with Feldman because he was relatively unknown.

"He had a lot of big things in mind, but nothing more," Hope said. "He was a nice young man who was ready to start building his business."

Feldman's first investments included condominiums and other residential properties. His right-hand man, Richard Vann, who had also migrated north from Mexico, told a

network

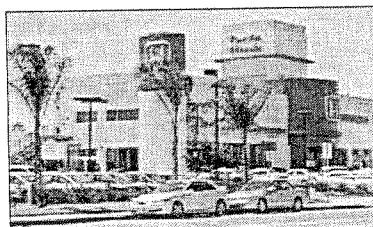
Sunroad owns various businesses and at least 59 parcels of land in San Diego County, according to the Assessor's Office. Combined, the properties total almost 350 acres and have an assessed value of \$183 million.

SOUTH BAY CAR SALES: Sunroad owns Toyota/Scion Chula Vista, which occupies 23 acres on Main Street. Land acquired: 2004. Assessed value: \$15.8 million.

SUNROAD FINANCIAL PLAZA: This 70,000-square-foot Spanish-style office building sits on three acres with a central courtyard, fountain and statues in Towne Centre Rancho Bernardo. Land acquired: 2003. Assessed value: \$13.2 million.

SUNROAD CENTRUM: This partly completed project on 26 acres adjacent to Montgomery Field is scheduled to offer more than 1 million square feet of commercial, residential and retail space when it is complete. It includes the nearly complete office tower that has drawn the ire of the Federal Aviation Administration. Two more office towers are planned. Land acquired: 2000. Assessed value during early construction: \$54.3 million.

OTAY DEVELOPMENT: Sunroad has invested in various clusters of vacant rural land near the state Route 125 extension project in Otay Mesa. It recently decided to sell the land that fell inside San Diego city limits and develop about 200 acres that are under county jurisdiction. Land acquired: 1997. Assessed value: \$8.9 million.



KEARNY MESA CAR SALES: Sunroad's holdings include Pacific Honda (bottom photo) and the eight parcels it occupies off Convoy Street in San Diego. Land acquired: 1984, with some parcels bought as recently as January 2007.

reporter in 1981 that they focused on homes because of their cash-flow value.

They also developed office buildings in La Jolla and Mission Valley and began snapping up car dealerships in the mid-1980s. Later, Feldman developed a golf and country club in Poway.

When the San Diego Unified Port District sought to have a marina built on Harbor Island in the 1980s, Feldman wanted in. So did many others, however, and Feldman astutely realized he would not likely win the bidding sweepstakes without partners who had close relationships with the commission that would award the contract.

He approached Hope, who by then was off the port commission, his brother Charles Hope and Robert Collins, a trio of local investors with experience running marinas and connections with the people in charge.

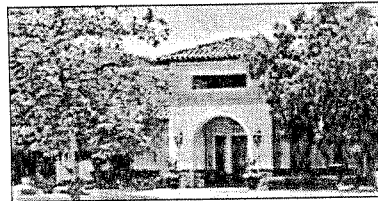
This time, Frank Hope and the others bought in. With Feldman providing most of the upfront cash and Collins and the Hopes tapping their business ties and experience, the partners beat out 16 other bidders for what became the Sunroad Resort Marina.

"It was different," Frank Hope said of the marina proposition by Feldman. "He was more substantial. He had established himself."

Assessed value: \$13.6 million. Sunroad also owns Kearny Mesa Infiniti, Kearny Mesa Subaru/Hyundai and Kearny Mesa Ford/Kia (below), but not the land they occupy.



SUNROAD RESORT MARINA: The 30-acre marina on Harbor Island Drive rents 608 boat slips on San Diego Bay. Sunroad leases the property from the San Diego Unified Port District and has proposed building two hotels – one on its own leasehold and a second on another lessee's land. Marina lease acquired: 1987. Value: \$18 million.



MADERAS GOLF CLUB: This golf course on Old Coach Road in Poway includes a 10,000-square-foot Italian villa-style clubhouse with a pro shop, restaurant and private members' lounge. Land acquired: 1998. Assessed value: \$2.2 million.

Compiled by research analyst Danielle Cervantes

■ ■ ■

Early on, Feldman developed a winning business formula that he applies to whatever enterprise he pursues. He decides what he wants to accomplish, then surrounds himself with the best experts he can find to get it done.

Sometimes, Feldman turns to the very people his staff deals with in local government. When Feldman was putting together the marina deal, he hired real estate expert Thomas Morgan away from the Port District. In 2005, he hired Tom Story, who had been a development-services official at City Hall for years.

Legal opponents and business competitors describe Feldman as headstrong and unapologetic.

"He's a bright guy and knows how to make a business successful," said Stephen Cushman, a port commissioner who also owned a line of San Diego car dealerships. "Aaron has always employed very sharp people. And he lets them do their job, and they do a good job for him."

About the same time Feldman was focused on building offices and stoking his car-sales business, he turned his hand to banking. He launched International Savings Bank in 1984 and began running his business accounts through the venture.

Like many of Feldman's companies, the bank grew aggressively, and within a few years, the four branches reported assets as high as \$350 million.

In 1994, however, the financial institution ran afoul of federal regulators. International Savings was cited for violating capital requirements, and eventually Feldman agreed to a takeover by Regency Savings Bank of Illinois. The terms were never disclosed.

Through the 1980s, Feldman's commercial interests boomed. He hosted lavish parties for San Diego's business and social elite and donated regularly to the campaigns

of local office-seekers – even though he cannot vote.

In 1989, Feldman bought a house on three prime acres along La Jolla Scenic Drive that belonged to another well-known developer, Harry Summers, who built the planned community of Rancho Bernardo.

He tore down Summers' house to develop his own dream home, a custom design featuring eight bedrooms and 10 bathrooms spread over 10,000 square feet of living space.

According to court records, Feldman spent \$17,000 on a special lighting system for his garden.

Feldman "didn't take San Diego by storm, but it was clear he was here with a long-term plan," said Malin Burnham, one of San Diego's top business leaders, whose real estate company is handling leases for Feldman's disputed building.

"He did his business his way and without attracting a lot of notoriety. That was his way."

Despite Feldman's deliberately low profile, his company has been in the news before.

In the 1980s, just after Feldman purchased his Ford dealership in Kearny Mesa, he and his company were included in a lawsuit filed by a career salesman who claimed that for years, he was systematically cheated out of commissions.

The plaintiff, Salvatore Ruscitti, eventually persuaded dozens of co-workers to join the litigation, which was certified as a class action.

Ruscitti, 58, was shot dead in the doorway of his Leucadia home by two hit men hired by the son of the dealership's former owners, who had been named in the lawsuit and stood to lose millions of dollars.

During the murder investigation, sheriff's detectives came across evidence

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that Sunroad Enterprises may have been involved in racketeering and money laundering, according to a federal report obtained by The San Diego Union-Tribune.

The detectives gave their findings to the local office of the Federal Bureau of Investigation, which sought permission from supervisors in Washington, D.C., to open a formal racketeering probe.

"Although the information received to date was not determined to be sufficient to warrant FBI investigation, it did present ample details which indicate the possibility of criminal activity on the part of (redacted from FBI files) and persons associated with Sunroad Enterprises," the 1992 request stated.

Federal authorities in Washington refused to approve an investigation.

■ ■ ■

Feldman is the sole owner of Sunroad Holding Corp., an investment company with interests in real estate, sales and entertainment that includes Sunroad Enterprises and dozens of other assets. His two sons, Uri and Daniel, work as Sunroad executives.

Most of his companies and partnerships contain the word Sunroad, Feldman said, because he saw San Diego as the "road to the sun" back when he decided to establish his business here.

He has resisted following colleagues to more developer-friendly regions such as Phoenix and Las Vegas because of his commitment to San Diego, which he said has been very good to him.

"My word is my bond," Feldman said. "It's very important for us to continue to do business in that manner."

Sunroad is continuing with plans to build two more office towers on the Kearny Mesa site near Montgomery Field. They were supposed to be even taller than the building that has caused Feldman so much grief, but now Feldman said he will get FAA approval before the buildings go up.

He also plans to get federal approval for the 600-room hotel project the company is planning for Harbor Island. Early renderings of that proposal also exceeded federal height restrictions.

Sunroad has major holdings in Otay Mesa, where Feldman and three other developers were trying to get property rezoned so they could build more than 1,400 houses.

Until June 29, the developers had been paying a consultant to help update the San Diego community plan for the area. Mayor Sanders decided he no longer needed help from the builders and informed their consultant that the city would take over the planning effort.

Sunroad now expects to sell the part of its Otay Mesa property that falls within the boundaries of the city of San Diego. But the company still plans to develop 200 or more acres it owns nearby, just outside city limits.

■ ■ ■

Feldman is waging a legal fight unrelated to the Kearny Mesa office tower, one that could cost him even more than the price of reducing that building's profile.

His wife of 34 years filed for divorce in 2003, and the couple is engaged in a bitter dispute over his holdings.

According to court papers, Feldman deliberately withheld information from his wife and her attorney concerning the extent of his businesses and his net worth.

Two years into the case, Feldman was fined \$250,000 by the family court judge, who said: "Respondent's failure to disclose is intentional, trying to circumvent the process. 'Hide the ball,' 'go fish,' 'you figure it out' is not acceptable and it is sanctionable conduct."

Several former business partners and litigants said Feldman has a history of disregarding rules.

"Aaron knew how to get what he wanted," said Collins, one of the original Sunroad Resort Marina partners, who won a \$2 million judgment against Feldman after the partnership fizzled. "With all Aaron has, he could be a nice guy, but he has to win at all costs and drive his opposition into the mud."

But Burnham, the real estate icon whose family business dates to the 1890s, said Feldman doesn't strike him as someone who arrogantly defies authority. Rather, he appears to be a diligent businessman, Burnham said.

"On the surface, it sounds like he's saying, 'Do it my way,'" Burnham said. "But stepping into the shoes of a developer, I see where he has to protect his interests and the interests of his company."

■ Staff researcher Denise Davidson and Mexico City correspondent Adrienne Bard contributed to this report. David Hasemyer: (619) 542-4583; david.hasemyer@uniontrib.com

76 total comments

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By Justice4all on 07/09/2007 at 8:59 a.m.

If Jim Waring gave Sunroad/Feldman/Tom Story approval to build without express FAA and DOT consent (sounds like they actually had the opposite - warnings to NOT build to that height), shouldn't he immediately be fired?

I also like how Feldman says the FAA will work with the city and also says his longtime architects told him it would be "exempt." He blames everyone but himself. I would think an experienced developer would get all necessary and required approvals before construction. Now if it turns out that the city gave him the ok to continue with construction, the taxpayers will get stuck with the cost of lowering the building and possibly the loss of value for a shorter building.

Report Abuse

By myview on 07/09/2007 at 9:02 a.m.

I moved our boat out of Sunroad after learning who owned it.. I don't want to make a rich Mexican any richer when there are marinas owned by Americans just down the road....

Report Abuse

By ghbadashel on 07/09/2007 at 9:05 a.m.